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FOREIGN SERVICE DESPATCH

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E.O. 12356, Sec. 3.4
NARA, Date 11-19-98

FROM :

TO : THE DEPARTMENT OF STATE, WASHINGTON.

DATE: October 26, 1956

REF : Despatch No. 245, May 18, 195[illegible]

For Dept. Use Only	ACTION	DEPT.
	NEA-4	RMK-2 E-7 OLI-6 EUR-5 ICA-10 Rep-2
	RECD 11/15	INFO OTHER Cin-12 Com-10 FRB-2 TR-3 IN-7 Army-4 Navy-4

SUBJECT: [redacted]

The Reporting Officer has discussed [redacted] the Volta River Project. As the Department is aware, the World Bank Mission will be arriving in the Gold Coast early in November. [redacted] for four to six weeks, and that their report will be available some time in February 1957. In the Mission's studies of the Volta Project, [redacted] they must consider two major questions (1) is the project too large for the country, and (2) can the Gold Coast Government service any loans which may be made. The Reporting Officer is of the opinion that these represent only two of a number of important aspects which must be considered. [redacted] the World Bank will not give a blanket endorsement to the project, with assurance of financing. In view of the present budget situation, the low price of cocoa, and the lack of any decision among the "partners" as to the exact nature of the final scheme, the Bank would certainly be buying "a pig in a poke". It seems equally obvious that a flat refusal would be politically impossible. The report of the Mission, therefore, is liable to sidestep any definite reply on the Volta Project, and await further action by the parties concerned.

Since the independence celebrations will occupy most of the month of March, it seems unlikely that the Cabinet will be able to give any serious consideration to the Volta question until April at earliest. [redacted] the Gold Coast Government is going to find itself hampered by a lack of competent advsiors, and this may delay any decisions on the issue. Further talks with the World Bank may be necessary, depending on the nature of the Bank Mission's report. [redacted] the initiative for new discussions among the partners rests with the Gold Coast.

[redacted] states that the British Embassy has asked the State Department for any assistance which the American Government can give him in these studies. [redacted]

D'Lamm/ap

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[redacted]

In a recent resurvey of the costs of the project, [redacted] they have risen 5% to 6% since September 1957. This is largely due to (1) higher prices for steel, and (2) the wage increases which have been granted to most categories of workers in the Gold Coast during the first half of 1956. [redacted] that costs could well be reduced below the level given in the studies of the Preparatory Commission. This could be done by cutting out "some of the frills", thus lowering the cost of railroad construction, less elaborate houses for workmen, etc.

Donald W. Lamm
American Consul General

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